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Mexico

Sugar

Reference Price to Pay Sugarcane for MY 2008/09 2008

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Report Highlights:

The Secretariat of Economy recently published in the *Diario Oficial* (Federal Register) the formal announcement of the reference price of standard sugar used to calculate the payment to producers for sugarcane for MY 2008/09. The mill owners, producers and the GOM initially agreed to the now-official price of 5,500 MX pesos per ton during negotiations in June 2008.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Mexico City [MX1]
[MX]

Introduction: This report summarizes an announcement from the Secretariat of Economy on sugar reference prices, published in Mexico's *Diario Oficial* (Federal Register) on December 10, 2008.

Disclaimer: This summary is based on a *cursory* review of the subject announcement and therefore should not, under any circumstances, be viewed as a definitive reading of the regulation in question, or of its implications for U.S. agricultural export trade interests. In the event of a discrepancy or discrepancies between this summary and the complete regulation or announcement as published in Spanish, the latter shall prevail.

Title: Announcement of the reference price of sugar to pay sugarcane for MY 2008/09, proposed by the National Committee for the Sustainable Development for the Sugarcane.

FAS/Mexico's Executive Summary: The Secretariat of Economy published an announcement in the *Diario Oficial* (Federal Register) on December 10, 2008 setting the reference price to be used to calculate sugarcane payments for the 2008/09 crop. The price that will be used to calculate the payment for sugarcane will be \$5,500 pesos per MT (US\$407.70¹ per MT) for the current MY 2008/09. In accordance with Art.58 of the Law of Sustainable Development of the Sugarcane, 57 percent of a set reference price of standard sugar is paid to growers for their sugarcane. In this case sugarcane will be paid at \$3,135 pesos per MT (US\$232.40 MT).

This publication is the formal announcement of what was agreed to during the June meeting of the Board of Directors of the National Committee comprised of the major industry representatives. At that time the Federal government announced, under the New Agreement for the Modernization of the Sugarcane Industry, the reference price for sugar to establish the cane prices for MY 2008/09 and 2009/10 harvests. It was determined that MY 2008/09 harvest prepayments would use the reference price of sugar of \$5,500 pesos/MT (See report MX8063). However, under the agreement, the final price for the year will be determined after taking into consideration other factors such as sugar supply/demand balance and export values during the course of the marketing year.

Important Dates

1. Publication Date: December 10, 2008.

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Useful Mexican Web Sites:

Mexico's equivalent of the Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx and Mexico's equivalent of the Department of Commerce (SE) can be found at www.se.gob.mx. These web sites are mentioned for the reader's convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained on these sites.

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¹ December 19, 2008 exchange rate for one dollar was 13.49 pesos

Relevant Reports Submitted by FAS/Mexico City

MX8063 Mexico Sugar Semi-Annual Report

<http://www.fas.usda.gov/gainfiles/200809/146295966.pdf>

MX8035 Modification to Mexican Sugar Re-export Program

<http://www.fas.usda.gov/gainfiles/200805/146294719.pdf>

MX8026 Mexico Sugar Annual Report

<http://www.fas.usda.gov/gainfiles/200804/146294297.pdf>